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R E P O R T

ST. BERNARD PARISH SHERIFF
(AS EX-OFFICIO PARISH TAX COLLECTOR)

JUNE 30, 1999

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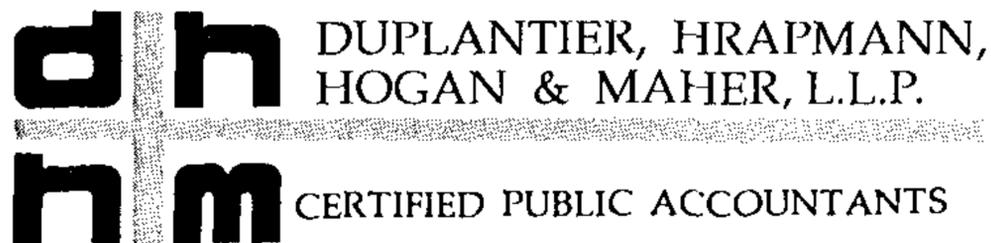
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ST. BERNARD PARISH SHERIFF
(AS EX-OFFICIO PARISH TAX COLLECTOR)

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INDEPENDENT AUDITOR'S REPORT

October 1, 1999

Honorable Jack A. Stephens
St. Bernard Parish Sheriff and
Ex-Officio Tax Collector
Chalmette, Louisiana

We have audited the statement of collections, distributions, and unsettled balances for the Tax Collector Agency Fund of the St. Bernard Parish Sheriff for the period from July 1, 1998 through June 30, 1999. This financial statement is the responsibility of the St. Bernard Parish Sheriff's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the St. Bernard Parish Sheriff is the ex-officio tax collector for the various taxing bodies within St. Bernard Parish, and the accompanying statement presents a summarization of transactions as parish tax collector. It does not include the cash receipts and disbursements of the St. Bernard Parish Sheriff's Office general fund. Furthermore, the accompanying statement of collections, distributions, and unsettled balances has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the statement of collections, distributions and unsettled balances referred to in the first paragraph presents fairly, in all material respects, the tax collections, distributions, and unsettled balances of the Tax Collector Agency Fund of the St. Bernard Parish Sheriff, for the period from July 1, 1998 through June 30, 1999, on the basis of accounting described in note 1.

Our audit was conducted for the purpose of forming an opinion on the statement of collections, distributions, and unsettled balances for the Tax Collector Agency Fund of the St. Bernard Parish Sheriff in accordance with the basis of accounting described in note 1. The supplementary information on page 6 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 1999 on our consideration of the Tax Collector Agency Fund of the St. Bernard Parish Sheriff's internal control over financial reporting and on its compliance with laws and regulations.

Duplantier, Hapman, Hogan & Maher LLP

ST. BERNARD PARISH SHERIFF
TAX COLLECTOR AGENCY FUND
STATEMENT OF COLLECTIONS, DISTRIBUTIONS AND UNSETTLED BALANCES
FOR THE PERIOD FROM JULY 1, 1998 THROUGH JUNE 30, 1999

UNSETTLED BALANCES, JULY 1, 1999	\$ <u>4,986,257</u>
COLLECTIONS:	
Ad valorem taxes	16,920,601
Ad valorem tax paid under protest (Note 5)	144,875
Angling, hunting, and trapping licenses	255,226
Parish licenses	886,244
Criminal costs and fines	771,332
Sales tax	31,548,628
Sales tax paid under protest (Note 4)	112,136
State revenue sharing (Note 2)	1,408,746
Interest	139,256
Bond and release fees	25,565
Total collections	<u>52,212,609</u>
TOTAL	<u>57,198,866</u>
DISTRIBUTIONS:	
Lake Borgne Basin Levee District	2,767,928
Louisiana Department of Wildlife and Fisheries	275,172
Louisiana Commission of Law Enforcement	28,138
Louisiana Department of Treasury	14,796
Louisiana Tax Commission assessment fee	3,776
Louisiana State Police	9,885
Quad Squad	2,775
St. Bernard Parish:	
Assessor	378,798
Clerk of Court	24,259
Parish government	18,231,190
School Board	18,031,702
Waterworks districts	143
Sewerage districts	1,475,317
Library	767,251
Sheriff	7,842,223
Port, Harbor, and Terminal District	683,133
Thirty-Fourth Judicial District:	
District Attorney	57,418
Indigent Defender Board	--
Criminal Court Fund	61,745
Pension funds	75,606
Restitution	513,330
Refunds to taxpayers	73,967
Professional fees	59,080
Miscellaneous	1,007
Total distributions	<u>51,378,639</u>
UNSETTLED BALANCES AT JUNE 30, 1999	
DUE TO TAXING BODIES AND OTHERS	<u>\$ 5,820,227</u>

The accompanying notes are an integral part of this statement.

ST. BERNARD PARISH SHERIFF
TAX COLLECTOR AGENCY FUND
NOTES TO FINANCIAL STATEMENT
JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the Sheriff is the ex-officio tax collector of the parish and is responsible for the collection and distribution of ad valorem property taxes, sales and use taxes, parish occupational licenses, state revenue sharing funds, angling, hunting, and trapping licenses, and funds, costs, and bond forfeitures imposed by the district court.

Louisiana Revised Statute 24:517(D) requires that the accounts of each tax collector be audited annually. Accordingly, the accompanying statement reflects financial activity of the Sheriff related only to his responsibility as ex-officio tax collector. Amounts included in this report are also included as agency funds in the Sheriff's annual general purpose financial statements.

The accounts of the tax collector are established to reflect the collections imposed by law, distributions pursuant to such law, and unsettled balances due various taxing bodies and others.

State law authorizes the Sheriff to deposit tax collections in a bank domiciled in the parish where the funds are collected.

Basis of Accounting:

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statement has been prepared on the cash basis of accounting, with collections recognized when received and distributions reflected when paid.

2. STATE REVENUE SHARING FUNDS AND AD VALOREM TAXES:

The revenue sharing funds provided by Act 1452 of 1997 were distributed as follows:

Lake Borgne Basin Levee District	\$ 163,000
St. Bernard Parish:	
Parish government	375,637
School Board	274,143
Library	83,088
Port, Harbor, and Terminal district	125,000
Sheriff-commission	329,347
Pension funds	58,531
Total	<u>\$1,408,746</u>

Ad valorem taxes are assessed for the calendar year and become due on November 15 of each year and delinquent on December 31. The taxes are generally collected in December of the assessed year and January and February of the ensuing year. Disbursements to the tax districts are generally made from January through June of each year.

ST. BERNARD PARISH SHERIFF
TAX COLLECTOR AGENCY FUND
NOTES TO FINANCIAL STATEMENT
JUNE 30, 1999

3. DEPOSITS:

All cash is deposited with local financial institutions in interest bearing accounts. Following are the components of the Tax Collector's deposits and collateral on deposits at June 30, 1999.

	<u>Cash</u>
Unsettled balances due to taxing bodies and others (actual bank balances)	<u>\$5,837,390</u>
Bank balances:	
a. Insured or collateralized with securities held by the entity or its agent in the entity's name	5,837,390
b. Collateralized with securities held by pledging financial institution's trust department or agent in the entity's name	--
c. Uncollateralized, including any securities held for the entity but not in the entity's name	--
d. Government backed pooled funds. The funds are held by a sub-custodian, managed by a separate money manager, and are in the name of the Tax Collector's custodian's trust department	<u> --</u>
TOTAL BANK BALANCE	<u>\$5,837,390</u>

4. SALES TAXES PAID UNDER PROTEST:

As of June 30, 1999, the Tax Collector had deposited in interest bearing bank accounts sales taxes paid under protest by a taxpayer totaling \$2,484,308 including interest earned. The funds are being held in the unsettled amounts pending the outcome of a suit filed by the taxpayer in which the taxpayer claims the taxes are not due. On October 29, 1998, a judgment was rendered requiring the taxpayer to pay delinquent taxes, interest, and attorney fees totaling \$1,459,587, as well as all audit and court costs. The judgment has been appealed and is currently awaiting a decision of the courts.

5. AD VALOREM TAXES PAID UNDER PROTEST:

As of June 30, 1999, the Tax Collector had deposited in interest bearing bank accounts ad valorem taxes paid under protest by a taxpayer totaling \$144,875 including interest earned. The funds are being held in the unsettled amounts pending the outcome of a suit filed by the taxpayer in which the taxpayer claims the taxes were incorrectly assessed.

ST. BERNARD PARISH SHERIFF
(AS EX-OFFICIO PARISH TAX COLLECTOR)
SUPPLEMENTARY INFORMATION
YEAR 2000 ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Unaudited)

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the St. Bernard Parish Sheriff's operations as early as the year 1999.

The St. Bernard Parish Sheriff has completed a process of identifying computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the St. Bernard Parish Sheriff's operations. The systems and equipment have been tested and results reviewed to determine that converted systems operate properly. The St. Bernard Parish Sheriff's management believes that computer software and hardware are year 2000 compliant.

Because of the unprecedented nature of the year 2000 issue, however, its effect and the success of related efforts will not be fully determinable until after the new year begins. Management cannot unequivocally assure that the St. Bernard Parish Sheriff is or will be year 2000 ready, nor that parties with whom the St. Bernard Parish Sheriff does business will be year 2000 ready, although inquiry, and programming best efforts have taken place.

ST. BERNARD PARISH SHERIFF
(AS EX-OFFICIO PARISH TAX COLLECTOR)
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON A FINANCIAL STATEMENT AUDIT
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

October 1, 1999

Honorable Jack A. Stephens
St. Bernard Parish Sheriff
and Ex-Officio Tax Collector
Chalmette, Louisiana

We have audited the statement of collections, distributions, and unsettled balances of the St. Bernard Parish Sheriff - Tax Collector Agency Fund, as of and for the year ended June 30, 1999, and have issued our report thereon dated October 1, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Bernard Parish Sheriff - Tax Collector Agency Fund's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the St. Bernard Parish Sheriff - Tax Collector Agency Fund's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended for the information of the management of the St. Bernard Parish Sheriff and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Dunlantic, Hapman, Hogan & Maher LLP